

# Power Station Enhanced Infrastructure Finance District

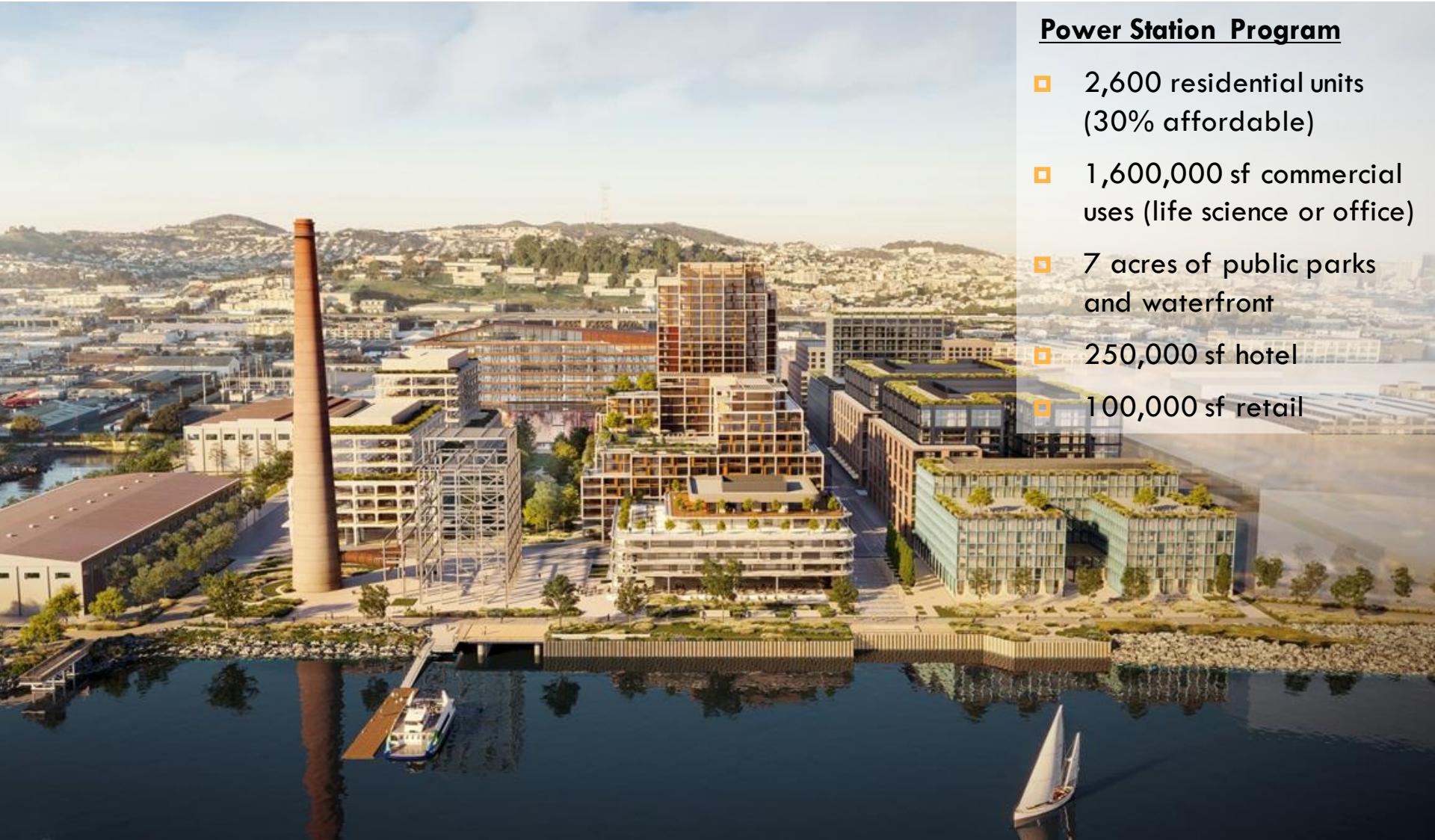
Controller's Office of Public Finance &  
Office of Economic and Workforce Development

Board of Supervisors  
Rules Committee

March 20, 2023

# Power Station Project

2

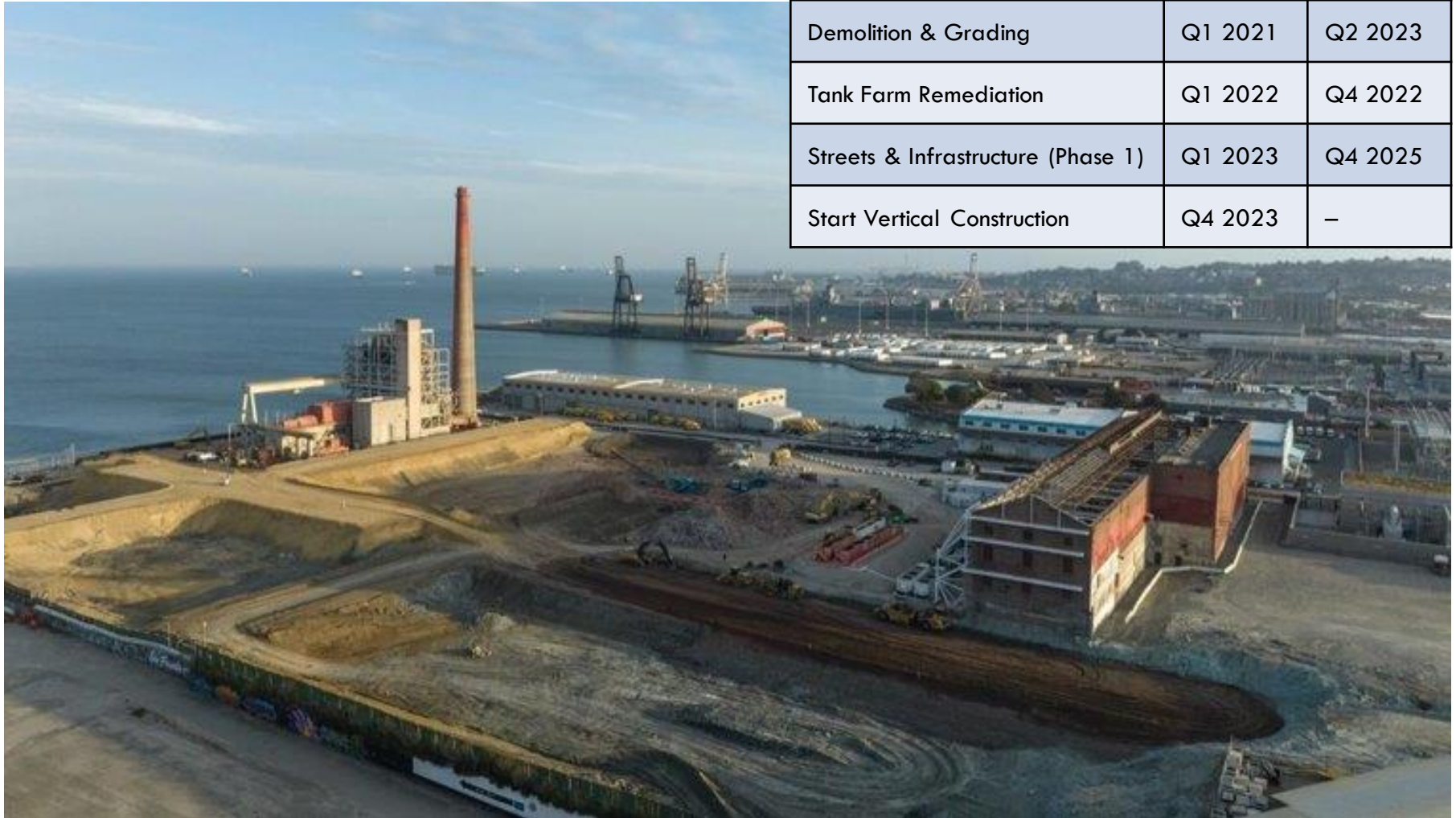


## Power Station Program

- ❑ 2,600 residential units (30% affordable)
- ❑ 1,600,000 sf commercial uses (life science or office)
- ❑ 7 acres of public parks and waterfront
- ❑ 250,000 sf hotel
- ❑ 100,000 sf retail

# Power Station Project

3



Milestones	Start	Completion
Demolition & Grading	Q1 2021	Q2 2023
Tank Farm Remediation	Q1 2022	Q4 2022
Streets & Infrastructure (Phase 1)	Q1 2023	Q4 2025
Start Vertical Construction	Q4 2023	–

# Enhanced Infrastructure Financing District (EIFD)

4

- ❑ EIFD is a state-authorized public financing tool that pledges incremental property taxes within a specific geographic area to fund public capital facilities related to the development in the district.
- ❑ The Power Station EIFD complies with the citywide IFD guidelines established in 2011 and supplemented this year:
  - ❑ Limits IFD eligibility to large-scale projects with significant rezoning that address infrastructure deficiencies and contain long-term maintenance commitments.
  - ❑ Projects must maintain a net fiscal benefit to City. Projects can access 50% of annual tax increment for EIFD with remaining 50% disbursed to general fund.
  - ❑ New policy limits IFD debt across all IFDs such that total annual debt payments do not exceed 5% of annual property tax revenue.
  - ❑ New "use it or lose it" clause provides option for City to dissolve a district if minimum development milestones are not met (clause expires once debt is issued).

# EIFD Public Financing Authority

5

- ❑ EIFD law requires that the City establish a Public Financing Authority (PFA) to serve as the legislative body of the EIFD.
- ❑ The PFA will adopt and implement the Infrastructure Financing Plan for the Power Station EIFD, which will outline incremental property tax allocations to the district for the purposes of funding public capital facilities, and will oversee the issuance of bonds.
- ❑ The PFA will consist of three members of the Board of Supervisors, appointed by the Board President, and two members of the public plus an alternate member of the Board of Supervisors, each nominated by the Board President and appointed by the Board of Supervisors.

# Next Steps

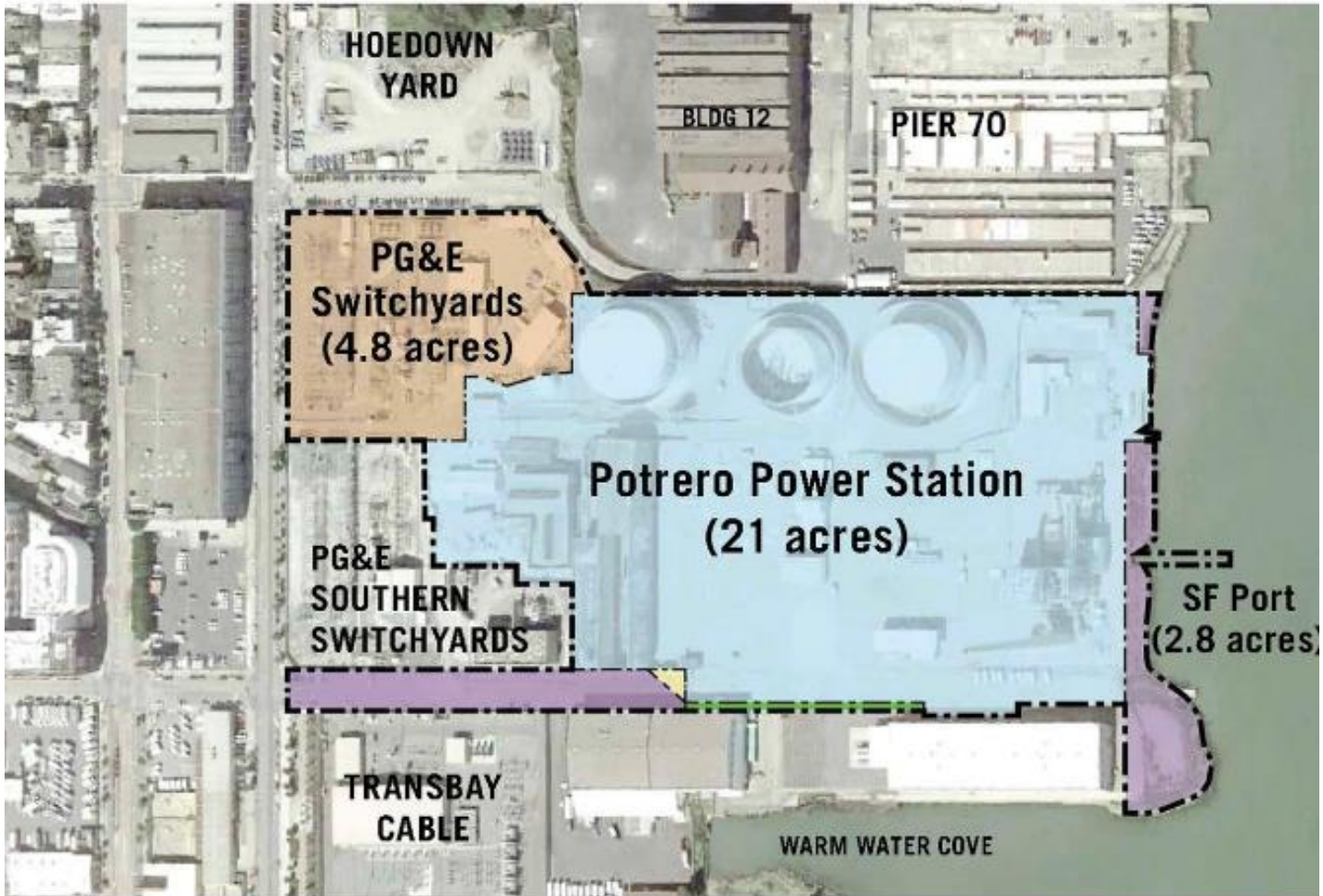
6

- EIFD Public Financing Authority Ordinance - Rules Committee
  - Once established and seated, the PFA will conduct a number of meetings expected to occur later this year to review and adopt the IFP, which will formally establish the Power Station EIFD.
- Resolution of Intention to Establish the Power Station EIFD – Budget & Finance Committee
  - This companion legislation describes the intention to form the Power Station EIFD and contains a description of facilities to be funded by the EIFD and a proposed boundary map for the district.
- Subsequent action by the Board of Supervisors is required to approve the Power Station Infrastructure Financing Plan and division of taxes within the EIFD (via resolution, estimated at end of 2023).
- The Power Station project is committed to advancing early infrastructure and site preparation work this year, with a goal to begin vertical construction of the first housing project before the end of 2023.

# Appendix

# Power Station Project

8





# Power Station Public Benefits

9

- Housing: 30% affordable in every phase (up to 780 total affordable units, two-thirds onsite)
- Transportation: bus stop and layover facilities, shuttle to BART, \$61M in transportation fees
- Workforce Development: robust First Source Hiring and LBE agreements – includes specific tech/biotech programs
- Open Space: 7 acres of new open space – includes passive and active recreation
- Community Facilities and Historic Preservation: space for new YMCA, on-site childcare facilities, retention of “Station A” complex
- Adaptation/Resiliency/Benefits to Port: improvements to shoreline areas never before open to public

# Net Fiscal Benefit Analysis

- ▣ EPS has prepared a fiscal impact report to demonstrate the Power Station project’s net fiscal impact after the diversion of IFD revenues.
- ▣ On behalf of the Controller’s Office and OEWD, the City’s fiscal consultant Keyser Marston Associates has peer-reviewed the analysis and has confirmed that the project will generate a net fiscal benefit.
- ▣ A more detailed projected fiscal impact of the EIFD will be prepared during the creation of the Infrastructure Financing Plan, prior to adoption of the EIFD for the project.

<b>Estimated Power Station Tax Increment</b>	
Power Station Property Tax - General Fund Revenue	23,434,560
Power Station - Special Funds	3,794,169
Power Station - Property Tax in lieu of VLF	4,434,396
<b>Total Power Station – TIF Revenue</b>	<b>31,663,125</b>
Developer Share Property Tax – General Fund Revenue (50%)	11,717,280
Developer Share – Special Funds (50%)	1,897,084
Developer Share – Property Tax in lieu of VLF (50%)	2,217,198
<b>Developer Share of Power Station TIF Revenue</b>	<b>15,831,563</b>
<b>City Share of Tax Increment</b>	<b>15,831,563</b>

# EIFD Eligible Uses

11

## Facilities

- ▣ Streets and Sidewalks
- ▣ 21<sup>st</sup> Century Infrastructure
- ▣ New Seawall and Shoreline Improvements
- ▣ Parks and Open Space
- ▣ Additional Community Facilities
- ▣ Privately-Owned, Publicly Accessible Community Improvements
- ▣ Preservation of Historic Structures
- ▣ Affordable Housing

## Other

- ▣ Bond-related Expenses
- ▣ Administrative Fees
- ▣ Reimbursement of costs related to the formation of the EIFD and Project Area(s)